

# M e m o r a n d u m

To: Panel Members Date: September 22, 2006

From: Creighton Chan, Manager Analyst: A. Nastari

Subject: Proposed Amendment Number 1 for **VINCE'S OFFICE SUPPLY, INC. DBA THE OFFICE CITY (< 100)**

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Moving To A High Performance Workplace
- Type of Industry: Retail /Wholesale and Service Supplier Of Office Products
- Repeat Contractor: No
- Contractor's Full-Time Employees:
  - *Worldwide:* 46
  - *In California:* 46
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

## **CONTRACT:**

- Program Costs:
  - Present Program Costs:** \$48,760
  - Amendment Program Costs +:** \$131,560
  - Total Program Costs:** \$180,320
- Total ETP Funding: \$180,320
- In-kind Contribution:
  - *Total Contribution*
  - Present Contract:** \$25,000
  - Amendment:** \$136,344

➤ *Trainee Wages Paid During Training*

**Present Contract:** \$25,000

**Amendment:** 136,344

- Reimbursement Method: Fixed-Fee 24 Months
- County(ies) Served: San Mateo, San Joaquin

**INTRODUCTION:**

Vince's Office Supplies, Inc. dba The Office City (THE Office City), a small business located in Redwood City, California, is a retail and service provider of office products, office furniture, custom printing services and customized promotional products. THE Office City holds sales and service contracts with small and large businesses as well as state and governmental agencies. The company reports that its out-of-state sales represent over 30% of all revenues and that it competes with companies located outside of California for contracts.

This company's ETP Agreement was approved at the May 2006 Panel Meeting under the Small Business Program. However, after the approval of the Agreement, THE Office City's management team determined that much more training will be needed than originally planned. The Contractor is therefore, requesting an Amendment to:

1. extend the maximum range of training hours from 60 to 200 hours,
2. increase the amount of the Agreement from \$48,760 to \$180,320, and
3. extend the term of the Agreement by 12 months from June 6, 2007, to June 6, 2008, in order to have sufficient time to deliver the additional training.

The Contractor's representative reports THE Office City purchased a SAP software system customized for the company's use in its office products industry. The system will assist the company to integrate information and processes company-wide, as well as provide the technical management tools for the company's online ordering capabilities. The customized software system will allow the company to move from 4 different systems, one being DOS-based and not flexible, to an extremely flexible, Windows-based program. It will provide a flexible reporting system so that the company can manage its business in a more competitive marketplace.

Due to the complexity of the new software program, THE Office City has determined that staff will need 8 – 120 hours of training in SAP alone, as required by their job functions. Although the focus of the training will be on the delivery of the SAP training until its implementation in December 2006, the company representatives report that the scope of the original training plan has not changed because it is the company's full intent to deliver the training in business, computer, continuous improvement and manufacturing skills previously identified when the management team initially developed the ETP Agreement. Training in continuous improvement consisting of teambuilding, leadership, problem solving, and decision making leadership will provide the foundation for a smooth transition to a new company-wide software system.

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/ Lab Videocnf. Hrs	No. CBT Hrs.	No. SOST Hrs.	Cost Per Trainee	Hourly Wage After 90 Days												
Job Number 1 Retrainees	MENU: Business Skills Computer Skills Continuous Improvement Manufacturing Skills	46	8-200	0	0	\$3,920	*\$11.83 - \$60.09												
<p align="center"><b><u>Wages After 90-Day Retention</u></b></p> <table border="0"> <thead> <tr> <th align="left"><b><u>Occupation</u></b></th><th align="left"><b><u>Wage Range</u></b></th></tr> </thead> <tbody> <tr> <td>Administrative Support Staff</td><td></td></tr> <tr> <td>Customer Service Staff/Drivers</td><td></td></tr> <tr> <td>Managers/Team Leaders</td><td></td></tr> <tr> <td>Printing Staff</td><td></td></tr> <tr> <td>Sales Representatives</td><td></td></tr> </tbody> </table>								<b><u>Occupation</u></b>	<b><u>Wage Range</u></b>	Administrative Support Staff		Customer Service Staff/Drivers		Managers/Team Leaders		Printing Staff		Sales Representatives	
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<p><b><u>Health Benefits Used To Meet ETP Minimum Wage:</u></b></p> <p>*Health benefits of a least \$2.00 per hour may be added to meet the ETP minimum wage of \$11.83 for San Joaquin County and \$12.90 for San Mateo County.</p>					<p align="center"><b><u>Turnover Rate</u></b></p> <p align="center">10%</p>		<p align="center"><b><u>% Of Mgrs &amp; Supervisors To Be Trained:</u></b></p> <p align="center">15%</p>												
<p><b><u>Other Employee Benefits:</u></b></p> <p>Paid vacation, sick and holiday leave.</p>																			

## **COMMENTS / ISSUES:**

### **➤ *Frontline Workers***

Of the 46 participants in this project 39 (85 percent) meet the Panel definition of frontline workers under Title 22 California Code of Regulations, Section 4400(ee). Of the remaining 7 (15 percent) managers and team leaders, 3 are equal owners who together set company policy. Under the Small Business Program, ETP allows the training of the owners.

### **➤ *Production During Training***

Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

## **RECOMMENDATION:**

Staff recommends that the Panel approve this Amendment because the proposed training will assist this small company to remain competitive as it moves to becoming a high performance workplace. THE Office City competes for business against larger out-of-state corporations. The company has identified ways in which it can improve its processes and is making the investments necessary to continue to provide high-paying stable employment for its workers. ETP funds will allow this company to train its employees in a new computer system and processes required to remain a viable employer in California.

## **Commitment To Training:**

The company representatives report that as a small business, it does not have an established training budget. Past training has primarily consisted of new employee orientation, basic entry-level skills in customer service and computer skills; on-the-job training in the use of the company's internal processes; and safety training. On occasion, THE Office City's limited resources have allowed a small number of employees to attend job-specific training delivered in the format of seminars.

The training outlined in this proposal is far different than that previously offered by the company. This proposal includes structured classroom training, delivered by vendors and trainers who are familiar with the SAP system as well as team building, leadership, decision-making, business, and management skills. ETP funds will assist this small business in its move to a high-performance workplace. Without ETP funds the company would have to limit the number of employees receiving specialized training and it would take longer for the company to implement the new system.